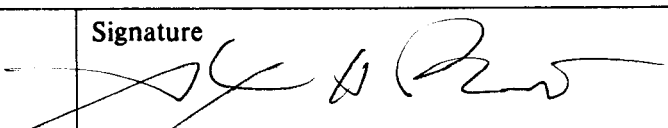


INSTRUCTIONS: Report must be submitted in duplicate to the Registration Unit, Internal Security Section, Criminal Division, Department of Justice, Washington, D.C. 20530. The original must be signed by or on behalf of the registrant. All items in this form must be answered, unless the answer is "none" or "not applicable," in which case such an entry shall be made in the appropriate space. If additional space is needed for any item, attach supplemental sheet identifying each item.

1. Name of registrant Akin, Gump, Strauss, Hauer & Feld, L.L.P.		2. Registration No. 3492						
3. Nature of material ( <i>A concise account of the nature of the propaganda material filed</i> ) Information paper regarding commercial dispute								
4. Title of material, if any Information Paper		5. Name of foreign principal on whose behalf this material was transmitted. Samsung Corporation						
6. Means of transmission Hand delivered	7. Dates of transmission July 21, 1995	8. Total copies transmitted 8						
9. List addresses from which this material was transmitted: 1333 New Hampshire Avenue, NW Washington, D.C. 20036		10. List states and territories of the United States to which material was transmitted: District of Columbia						
11. Types of recipients ( <i>Give number of organizations in each group</i> ) Libraries _____ Public officials <u>2</u> Newspapers _____ Press services of associations _____ Educational institutions _____ Civic groups _____ Other ( <i>specify</i> ) _____		12. List names and addresses of persons or organizations receiving 100 copies or more:  N/A						
13. If the material transmitted was a film or radio or television script, furnish the following information: <table border="0"><tr><td>Name of station, organization, or theater using (including city and state)</td><td>Date or dates broadcast or shown</td><td>Estimated attendance (for film(s))</td></tr><tr><td></td><td>25 JUL 27 P 2:47 RECEIVED DEPT. OF JUSTICE CRIMINAL DIVISION</td><td></td></tr></table>			Name of station, organization, or theater using (including city and state)	Date or dates broadcast or shown	Estimated attendance (for film(s))		25 JUL 27 P 2:47 RECEIVED DEPT. OF JUSTICE CRIMINAL DIVISION	
Name of station, organization, or theater using (including city and state)	Date or dates broadcast or shown	Estimated attendance (for film(s))						
	25 JUL 27 P 2:47 RECEIVED DEPT. OF JUSTICE CRIMINAL DIVISION							
14. Have two copies of this material been filed with the Department of Justice? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>								
15. Has this material been labeled as required by the act? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>								
Date of report 7/27/95	Name and title Alexander H. Platt Partner with Power of Attorney	Signature 						

## INFORMATION PAPER

Copies of this material are filed with the Department of Justice where the required registration statement is available for public inspection; Registration does not indicate approval of this material by the U.S. government.

### I. SUMMARY

Samsung and Amoco are involved in a commercial dispute over Samsung's plans to compete with Amoco in the production of PTA. This matter is a private business dispute that can, and should, be settled by the parties themselves. However, over the past six months, Amoco has been trying to get U.S. executive branch and Congressional offices involved in this private dispute. We also understand that Amoco has made a number of allegations to the U.S. Government concerning this matter.

The core of the dispute is Samsung's decision to build its own PTA business to compete with Amoco, and Amoco's demand that if Samsung does this, it must sell its 50 percent interest in Samsung Petrochemical Company to Amoco. In an attempt to keep Samsung from proceeding, Amoco has alleged that Samsung has misappropriated confidential trade secrets. These allegations are simply not true. Samsung recently spent more than \$20 million to purchase technology from the Italian corporation Tecnimont to build its new plant. It neither wants nor needs Amoco's technology.

The purpose of this information paper is to clarify the truly private commercial nature of this dispute, and to set the record straight with regard to the inaccurate accusations by Amoco that Samsung is stealing Amoco's trade secrets.

### II. BACKGROUND

#### A. The Formation of Samsung Petrochemical Co.

In 1974, Samsung, Amoco and Mitsui created Samsung Petrochemical Co., Ltd. ("SPC"), a joint stock company formed under the laws of the Republic of Korea to produce and sell purified terephthalic acid ("PTA") for the polyester fiber and textile industry. The parties negotiated a Basic Agreement in which Samsung would control 50% of the voting stock, Amoco 35% and Mitsui 15%. The SPC Board of Directors has six directors, three nominated by Samsung, two nominated by Amoco and one nominated by Mitsui. Approval of board resolutions requires a supermajority of five directors; thus, Amoco has effective veto power over the Samsung directors or strategic business decisions made by management. The Basic Agreement contains a marketing provision under which Amoco and Mitsui have effectively restricted SPC to selling PTA in the Korean market only. Upon formation of the venture, SPC and Amoco additionally entered into a license agreement in which Amoco licensed PTA patents and know how to SPC. SPC, in return, agreed to certain royalty obligations.

— SPC began producing PTA in 1980 with one plant and built the second plant in Korea beginning in 1985. As demand for PTA increased, Samsung believed that SPC needed to build a third PTA plant. Amoco consented but required (among other conditions) that SPC enter into a new license with Amoco to cover the third plant. Accordingly, in 1992 Amoco licensed PTA technology to SPC through a second license pursuant to which SPC constructed a third plant, which began production this year.

## **B. The PTA Market Today**

Today, worldwide and especially Asian demand for PTA is burgeoning. And, Amoco is currently the world's largest PTA producer with an annual production capacity of 4.1 million tons. Amoco alone dominates an estimated 95-100% of the U.S. market for PTA, and it produces 40% of PTA worldwide. In addition, Amoco maintains active programs to establish or license PTA production facilities throughout the world. With respect to the Korean market, both Amoco and Mitsui, in spite of provisions to the contrary in the Basic Agreement with Samsung and SPC, have for many years sold PTA directly into the Korean market.

During this time of increased worldwide demand for PTA, and despite increased capabilities of SPC (SPC has grown from a start-up operation in 1974 to one of the three largest PTA producers worldwide), Amoco has vetoed or tabled SPC's efforts (which were supported by Samsung) to export PTA outside of Korea. While simple economics dictate that SPC expand its output and sell in new markets where demand is high, Amoco has limited SPC's utilization rate because increased utilization by SPC would negatively impact Amoco's own dominance of the worldwide PTA market that it has enjoyed for many years.

## **C. Samsung's Independent Entry Into the PTA Market**

Stymied by Amoco's restrictions on SPC's marketing policies, and concerned by Amoco's and Mitsui's willingness to compete with SPC in the Korean market, Samsung had to look elsewhere for opportunities to enter the worldwide PTA market unfettered by Amoco. The Basic Agreement allows all three shareholders to compete with SPC after a five year noncompetition period, which expired long ago. (The 1992 license does not contain a new noncompetition provision.)

Last year, Samsung General Chemicals Co., Ltd. ("SGC"), an independent chemical producing company affiliated with the Samsung Group, entered into a license agreement with Tecnimont, an Italian corporation, to produce PTA on its own. SGC currently is building a plant which will produce PTA using the Tecnimont technology for which it paid over \$20 million; other Korean PTA producers successfully use the Italian technology as well. SGC will not be using any Amoco technology in the construction of its Tecnimont plant.

### **III. Amoco's Contentions**

In attempting to block Samsung's independent entry into the PTA market, Amoco has made a number of allegations. Specifically, Amoco maintains that: (1) SGC should not be able to enter the PTA business in Korea; (2) Samsung, SPC and/or SGC have misappropriated its trade secrets; and (3) Samsung or SPC has blocked Amoco from conducting an audit of SPC. None of these allegations is true.

#### **A. SGC is Entitled to Compete with Amoco and SPC**

SGC's entry into the PTA business as a competitor to SPC, Amoco and Mitsui is expressly permitted under all agreements and contracts between the parties and all laws affecting the rights of the parties. The Basic Agreement allows the shareholders to compete with SPC after a five year period of time. And, as noted above, Amoco and Mitsui themselves have taken advantage of this by competing with SPC in Korea for many years. Additionally, over the years, Amoco has constructed and licensed other PTA plants around the world, including in the Asian region, thus further expanding its market concentration and dominance.

Amoco, of course, wishes to continue its dominant position in the PTA market; it is the world's leading PTA producer and controls virtually all of the U.S. PTA market. In this regard, Amoco proposed to Samsung that the Samsung shareholders sell their SPC shareholdings to Amoco and abandon SGC's plan to enter the PTA market. Of course, this would even further consolidate Amoco's dominant position. However, the Samsung shareholders do not wish to sell their SPC shareholdings to Amoco, and SGC intends to compete with Amoco. Samsung fully understands that Amoco does not want to face Samsung as a competitor. As a matter of law, however, Amoco simply has no right to prevent it.

#### **B. Samsung Has Not Stolen Amoco's Trade Secrets**

Amoco has made unsubstantiated allegations that Samsung is stealing Amoco's trade secrets. Amoco's allegations appear to be centered upon the departure of some SPC employees for SGC. While it is true that some SPC employees have left SPC and obtained employment at SGC, there is no valid reason to believe that any proprietary Amoco technology was thereby transferred to SGC, or that these employees left for any reason other than to take advantage of the opportunity to be a part of a growing company unencumbered by the type of restrictions that Amoco has placed on SPC.

In the first place, it should be noted that none of these employees have confidentiality or noncompetition agreements which would prevent them from working at SGC. In the interest of cooperation, however, the Samsung representatives asked Amoco what Samsung could do to alleviate Amoco's concern that somehow these employees would leak Amoco

proprietary information to SGC. At Amoco's suggestion, some of the former SPC employees were persuaded to return to SPC.

More importantly, there is a serious question as to whether Amoco actually owns any material "trade secrets" in PTA technology, which is readily available in the marketplace. All basic patents underlying the Amoco technology have expired, and most, if not all, of the technology appears to be in the public domain.

In an attempt to assuage Amoco's concerns, however, the highest levels at Samsung have assured Amoco that none of its rights in PTA technology will be infringed by SGC. In fact, Samsung would be willing to let Amoco technical personnel inspect the plant, once completed, if it so desires. Industry experts agree that even a visual inspection will reveal the source of the process technology used to manufacture PTA at the new facility. As mentioned above, SGC has licensed the technology to produce PTA independently from Tecnimont SPA. SPC has not breached any confidentiality obligation to Amoco, and will continue operating in that manner.

### C. Audit Issue

Amoco has raised an issue concerning alleged obstruction of its right to audit SPC. Neither SPC nor Samsung has ever denied Amoco's right to an audit, either in the past or currently. What happened here is that Amoco requested an audit on dates when SPC was in the midst of preparing its year end financial statement and statutory audit report, and when SPC plants were undergoing their annual shut-down. On both occasions, SPC requested that Amoco select an alternative date which would not interfere with the normal operation of SPC. Samsung and Amoco are scheduled to meet on July 27 and 28 in San Francisco to discuss this issue, among others raised herein, at which time we are confident that the audit issue will be resolved.

## IV. CONCLUSION

In a nutshell, this is a commercial dispute between competitors, the likes of which arises frequently in today's commercial world. In this case, one overwhelmingly dominant player in an industry, Amoco, does not wish to see another company become a competitor, and is trying to prevent this from happening. What is unusual about this case is that the same dominant player has decided to have the government intervene in its efforts to ensure its continued dominance in the market.

These parties should be left to their own devices to settle this dispute themselves, as this is purely a commercial dispute between private multinational corporations.